

Message Text

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43

ACTION SS-30

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TO SECSTATE WASHDC PRIORITY 835

C O N F I D E N T I A L PANAMA 3238

EXDIS

FOR COUNTRY DIRECTOR MOREY BELL ARA/PAN

E.O. 11652: GDS

TAGS: PFOR, PN, PQ, US

SUBJECT: PRC MEETING JUNE 5, 1974

1. MAIN PURPOSE OF PRC WAS TO DISCUSS PROBLEM OF PANAMANIAN SQUATTERS AND TERRITORIAL ENCROACHMENT IN CANAL ZONE. IN PREVIOUS PRC GOVERNOR PARKER HAD BEEN ASKED PREPARE PAPER ON SUBJECT FOR FUTURE DISCUSSION AND DECISION. WE ARE POUCHING THIS PAPER TO YOU.

2. RECOMMENDATIONS MADE BY GOVERNOR WERE THAT (1) U.S. AUTHORITIES IN CANAL ZONE CONTINUE TO RESIST, BY MEANS OF ROUTINE ARREST AND PROSECUTIONS, ANY NEW OR EXPANDED ENCROACHMENTS IN THE ZONE; (2) THAT ALL SQUATTERS AND UN-AUTHORIZED PERSONS BE EXPELLED FROM THE ZONE, WITH OR WITHOUT GOP COOPERATION, WITH A MINIMUM OF FORCE, AND OVER A PERIOD OF TIME ENDING NOT LATER THAN NOVEMBER. GOVERNOR ARGUED THAT PROBLEM WILL WORSEN WITH MORE SQUATTERS MOVING IN UNLESS ACTION TAKEN NOW. WE HAVE BEEN DELAYING DECISION FOR ALMOST TWO YEARS AND IT IS TIME FOR SOME ACTION TO SHOW OUR RESOLVE TO ABIDE BY TREATY OBLIGATIONS. GENERAL BERG, USSOUTHCOM J-2, WHO REPRESENTED GENERAL ROSSON, CONCURRED IN GOVERNOR'S RECOMMENDATION AND STATED THAT HE FELT GENERAL ROSSON ALSO WAS OF OPINION WE HAD WAITED LONG ENOUGH FOR GOP COOPERATION WITHOUT AVAIL.

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3. I THEN STATED MY BELIEF THAT IF WE WENT TO WASHINGTON WITH THIS RECOMMENDATION, WE WOULD BE IN FOR SOME HEAVY SAILING. I NOTED I HAD MADE APPROACHES TO THE GENERAL AND INDICATED THAT THE SQUATTERS WERE IN VIOLATION OF TREATY, THAT IT ENDANGERS THE WATER SUPPLY AND HAS OTHER ENVIRONMENTAL HAZARDS AND THAT IT ALSO VIOLATES HIS OWN PROGRAMS ON AGRICULTURAL DEVELOPMENT. I STATED THAT THE GENERAL HAD GOTTEN WORD TO ME THAT HE IS CONCERNED ABOUT THE PROBLEM, THAT HE HAS THE CHEPO RELOCATION PROBLEM WHICH IS A HOT ISSUE NOW AND THAT HE NEEDS TIME. I PROPOSED THAT I BE GIVEN UNTIL ABOUT AUGUST 1 TO CONDUCT FURTHER QUIET TALKS WITH GOP OFFICIALS. IF THE GOP HAS SHOWN NO INCLINATION TO ACT BY THAT TIME, WE THEN SHOULD PROCEED TO NOTIFY THE SQUATTERS THAT THEY WILL BE EVICTED. I CONCURRED IN THE GOVERNOR'S FIRST RECOMMENDATION THAT ZONE AUTHORITIES CONTINUE TO ARREST AND PROSECUTE ANY NEW VIOLATORS.

4. THE GOVERNOR AND GENERAL BERG CONCURRED IN MY RECOMMENDATIONS. SO WE HAVE ABOUT TWO MONTHS DURING WHICH I WILL MAKE STRONG EFFORTS TO INFORM HIGHEST LEVEL OF GOP OF OUR SERIOUS CONCERN AND INTENT AND WILL TRY TO SOLICIT GOP COOPERATION IN RESOLVING PROBLEM. IN MEANTIME CZNAL ZONE POLICE WILL BE VIGILANT IN PREVENTING FURTHER INCURSIONS AND VIOLATIONS.

5. IN OTHER BUSINESS GOVERNOR HAD SOME GOOD NEWS TO REPORT. HE INFORMED US THAT IRHE (INSTITUTO DE RECURSOS HIDRAULICOS Y ELECTRIFICACION) WHICH HAD TAKEN OVER FUERZA Y LUZ ABOUT 18 MONTHS AGO HAD ASSUMED THE FUERZA Y LUZ DEBT TO THE CANAL ZONE GOVERNMENT WHICH AMOUNTED TO ABOUT \$1MILLION. IR HE HAS PAID FULL DEBT. THEY ARE ALSO HONORING A CONTRACT WHICH TYE WERE NOT ALLOWED TO SIGN WITH CANAL ZONE GOVERNMENT REGARDING A POWER PLANT IN CRISTOBAL.

6. GOVERNOR ALSO REPORTED THAT RECENT SHIP COLLISION IN GATUN LAKE WAS MOST EXPENSIVE IN HISTORY OF CANAL. TOTAL COSTS MAY RUN AS HIGH AS \$5.4 MILLION. THIS TOTAL INCLUDES CONTINUING COSTS, LOSS OF REVENUE, ETC. IT IS YET TO BE CONFIDENTIAL

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DETERMINED IF PANCANAL IS LIABLE AND DECISION WILL BE MADE IN JULY.

7. GOVERNOR ALSO PRESENTED PAPER ON LIQUOR PROBLEM. IT INCLUDES STUDY MADE BY PANCANAL WITH SIMILAR RESULTS TO MILITARY STUDY. GOVERNOR RECOMMENDS WE MAKE PROTEST TO FONMIN. I WILL BE DISCUSSING THIS PROBLEM INFORMALLY WITH HIGH LOCAL OFFICIALS AND HOPE THAT IT

WILL NOT BE NECESSARY TO MAKE FORMAL PROTEST.

JORDEN

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